



## Pricing Discount Structure

The DoD ESI has excelled at securing discounted prices for commercial software, IT hardware and services since 1998—yielding over \$7B in cost avoidance. DoD IT buyers reduce buying cycle time and risk by using ESI’s enterprise agreements (ESAs) with enhanced terms and conditions that support many DoD objectives and industry best practices. The ESAs generally provide license terms that improve upon those contained in the GSA Schedule, such as:

- Expanded use rights
- Functionality replacement and extended support
- Rights of survivorship of the Agreement
- Transfer rights within DoD
- Temporary use of software during times of conflict
- Compliance with IPv6 requirements
- Compliance with Net-Centricity policies

### Typical Pricing Structure

List Price / Retail Rates	\$\$\$\$\$
GSA Pricing	\$\$\$
ESI / SmartBUY Price / Rate	
ESI secures initial discounts off the published GSA Federal Supply Schedule rates from the publisher, hardware vendor or service provider. The pricing established in an ESI agreement is typically not the final price to be paid for the IT software, maintenance, hardware, or services.	\$
Order Price / Price Paid by ESI Customer	
When a customer uses an ESI agreement to order from, generally additional discounts may be negotiated by the program’s contracting office.	\$

Additional discounts may typically be provided based on further competition at the order level and other factors, such as:

1. The volume of the transaction/order
2. A milestone discount level achieved due to the total cumulative volume ordered under the ESI BPA
3. Spot discounts/transaction basis/time of year/ other opportunities

The spot discounts do not automatically equate to a new ESI/SmartBUY price in the BPA available to future orders. The BPA price is set for the term of the BPA but is subject to negotiation and, where applicable, subject to any cumulative volume discount rates published in the BPA. An example of the cumulative pricing discount concept is shown below:

Transaction #	Cumulative Value of Orders Under the ESI BPA	Additional Discount on the Order
1	\$1,000,000	0
2	\$2,000,000	5%
3	\$10,000,000	10%

### Pricing Support

If you have any questions about ESI pricing, please contact the Software Product Manager (SPM) assigned to the vendor or product you are seeking to acquire. Contact information is available on the ESI web site under the section titled “Ask a SPM”.